

Preparing for Retirement



TRS March 2007

DROP Distribution Part I

DROP Distribution Part I explains the funds that make up your DROP account. In April, **DROP Distribution Part II** will explain how to apply for your DROP account funds and how they will be distributed. **No distribution of DROP account funds will be made until you withdraw from service.**

If you **complete your contractual obligation in DROP**, i.e., participate in DROP between three to five years, you may elect to receive the following funds in either a lump-sum payment or make a direct rollover to an eligible plan:

1. The monthly retirement allowance contributions plus interest (currently four percent). These contributions are based on the retirement option elected upon entering DROP.
2. Member contributions made to the TRS during the DROP participation period plus applicable interest.

The monthly retirement allowance you will receive after withdrawal from service may be recalculated to include accrued sick leave. However, the number of days converted cannot exceed the number of days you had on the date you entered DROP. You are not allowed to change the option for the monthly retirement allowance chosen at the beginning of the DROP participation period.

If you did not fulfill your contractual obligation due to **involuntary termination, disability, or involuntary transfer of your spouse in the first three years of the DROP participation period**, you are entitled to receive the same benefits as a member who has completed the contractual obligation. However, you will have fewer funds accumulated because the DROP participation period is shorter.

If you **withdraw from service voluntarily** within the first three years of DROP, you will forfeit the DROP funds based on the monthly retirement benefits paid to your account. You may elect to receive the following in either a lump-sum payment or make a direct rollover to an eligible plan:

1. Member contributions made to the TRS during the DROP participation period plus applicable interest
2. Interest attributable to the monthly retirement allowance contributions made to the DROP account during the DROP participation period

The monthly retirement allowance you will receive after withdrawal from service may be recalculated to include accrued sick leave. However, the number of days converted cannot exceed the number of days you had on the date you entered DROP. You are not allowed to change the option for the monthly retirement allowance chosen at the beginning of the DROP participation period.

If a member **dies anytime during the DROP participation period and the beneficiary is the spouse**, the spouse may elect to receive the following funds in either a lump-sum payment or make a direct rollover to an eligible plan. **Non-spouse beneficiary(s)** may receive the following funds in a lump-sum payment or make a direct rollover to an IRA:

1. The monthly retirement allowance contributions plus interest (currently four percent). These contributions are based on the retirement option elected upon entering DROP.
2. Member contributions made to the TRS during the DROP participation period plus applicable interest.

Any retirement benefit based on the retirement option selected by the member at the beginning of the DROP participation period will be paid to the beneficiary(s). The monthly retirement allowance may be recalculated to include accrued sick leave. However, the number of days converted cannot exceed the number of days the participant had on the date he or she entered DROP. The beneficiary is not allowed to change the option for the monthly retirement allowance chosen at the beginning of the DROP participation period.

A \$15,000 term life insurance benefit will be paid to the beneficiary(s) if the member was employed full-time. This benefit will be prorated if employment was not full-time. No death before retirement benefit will be paid to the estate or beneficiary.

If you **do not withdraw from service after completing your DROP participation**, you will resume active contributing membership in the TRS for the purpose of earning creditable service. No time spent participating in DROP will be counted as creditable service.

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